



Capital Planning Committee

Capital Plan for FY2022 (July 1, 2021 – June 30, 2022)
5-Year Plan for FY2022 – FY2026

Date: Thursday, December 17, 2020
Time: 5:00pm-7:00pm
Location: Zoom Meeting

Minutes

Attendance: Joseph Barr,
Ida Cody,
Kate Leary,
Kate Loosian,
Phyllis Marshall,
Michael Mason,
Chris Moore (arrived 5:30pm),
Angela Olszewski,
Sandy Pooler,
Jon Wallach,
Julie Wayman, Management Analyst,
Timur Kaya Yontar.

Not in attendance: None.

Meeting Opened: Mr. Yontar called the meeting to order at 5:04pm. During the review of the minutes, he noted that while his statement that none of the financing for FY22 items will impact the plan was accurate, he neglected to mention that the borrowing for FY21 will be occurring in February, which will definitely impact the plan in FY22 (as discussed more later in the meeting). The minutes of the meeting of December 3, 2020 were then reviewed and unanimously approved (moved by Mr. Wallach, seconded by Ms. Olszewski).

Review of Upcoming Meetings: Mr. Yontar briefly reviewed the upcoming schedule of meetings including the meeting on Thursday, January 7, 2021 with the recommended capital plan due to the Town Manager on approximately January 8. This meeting will also potentially be an opportunity to talk about any progress that the Software Subcommittee has made. The meeting on January 21 will be to talk about the presentation to the Finance

Committee in March and divide up responsibilities for creating the presentation and the meeting on February 4 will be to review the draft presentation to the Finance Committee.

Best Practices Subcommittee: Mr. Yontar explained that the Subcommittee has been discussing how to recapture excess borrowing capacity that is created for a variety of reasons (i.e., the amount borrowed is less than what was programmed in the plan), and how this can be used to reduce future borrowing. The Subcommittee is proposing that this excess capacity first be used to reduce the amount of borrowing that would take place in the future. If the excess capacity is not used to reduce the necessary borrowing, then the extra funds would fall to free cash. Mr. Yontar suggested that the Committee adopt this as a guideline, not as a formal policy. Ms. Loosian made a motion to adopt this process as a guideline, which was seconded by Mr. Wallach and unanimously approved.

Second Review of Capital Budget: Mr. Yontar reviewed the current status of the capital plan; as the project list stands currently the plan is over budget by 5.11% (~\$189K) in FY22 and 5.48% (~\$4.56M) overall. The goal of the discussion at tonight's meeting is to discuss the status of the plan and the rankings that came from the prioritization exercise that Committee members completed, and come up with some initial thoughts on how to move towards 5%. A subgroup will then come up with a more detailed proposal for how to get within the 5% constraint. Mr. Yontar also returned to the issue he mentioned during the review of the minutes, which is the borrowing that will occur in February to support the FY21 projects. This borrowing is now represented in the plan—which was not the case in the plan that was presented at the last meeting—with an assumption about the interest rate for that borrowing. At the point when the plan is presented to the Town Manager, this interest rate will still be an estimate, but by the time the plan is presented to the Finance Committee (and subsequently to Annual Town Meeting), the interest rate will be known and the plan could be updated to reflect the actual borrowing costs.

The Committee discussed a number of items in the plan:

- Ms. Cody inquired about the status of the funds from the sale of the Disabled American Veterans building and Mr. Pooler indicated that the sale is close to being finalized and the funds should be coming soon.
- Mr. Wallach asked whether we will need to make further adjustments to the plan once the February borrowing is complete and the actual cost is known. Mr. Yontar agreed and noted that they have tried to make conservative (i.e., high) assumptions about interest rates, so it is most likely that the actual interest rate will be lower and the borrowing will cost less than expected, resulting in additional capacity.
- Mr. Moore went over the scoring/ranking results and noted that he felt that it a quite useful exercise. In the future, he would recommend pulling out the projects that are funded from the “exempt” or “other” source, since the Committee doesn't have discretion over whether to fund these projects. There are also other minor updates that can be made to how the spreadsheet works and how the list of projects is formatted and presented.
- A clarification was made that the proposed Bluebikes funding is for \$50,000/year in FY22-FY25 but not in FY26.

- Ms. Loosian asked about how the Committee takes the next steps to reduce these costs. Mr. Yontar indicated that it depends on the project; some things cost what they cost and can't be changed without deferring/not funding the project, while others can be shifted around more. The Committee can also send a clearer message that costs for a specific project need to be reduced. This also led to a discussion about how to right-size projects and work with departments to reset priorities and expectations for both the current year and future years.
- Ms. Loosian suggested funding the Library to start design on their projects (even if we can't find funding for construction) to allow them to apply for Massachusetts Board of Library Commissioners (MBLC) funding. Mr. Pooler suggested design should not be started if there is not a clear path to construction, since the design may get to be out of date. There is also a need to determine whether the Robbins Library renovation/expansion could be eligible for MBLC funds if the Fox Library project doesn't move forward.
- Mr. Wallach asked about whether moving the Robbins Library project out to 2026 would save the debt service, since the borrowing wouldn't occur until after the current plan horizon. Mr. Yontar said that this is true; Mr. Moore noted that this could then create a large bubble with both library projects happening at the same time and Mr. Wallach clarified that he was only looking at how to fund the Robbins Library project. The Committee generally agreed that there is a need to have a discussion with the Library Director about priorities.
- The Committee talked about what members consider to be a reasonable interest rate to assume for the borrowing that is going to take place in February, since this can create a significant swing in the cost of the plan.
- Ms. Wayman asked whether there are ways to create a capital campaign for some of these items, leading to a discussion about potential external fundraising sources and prior experience with those types of campaigns; Mr. Barr mentioned the example of the fundraising campaign for the prior replacement of the Robbins Farm Park Playground slides, while Ms. Olszewski mentioned the significant fundraising that occurred for the previous renovation/expansion of the Robbins Library.

Mr. Yontar said that the goal for the discussion is not to make every decision, but for the subgroup that is going to look at the plan in more detail to receive guidance on how to make the cuts and reprioritizations that need to happen. The basic theme is that there are "need to have" items and "nice to have" items, and we probably can't fund the "nice to have" as much as we have in the past. The Committee discussed options for how to save funds, starting with removing some of the lowest ranked projects (which gets the plan about halfway to the 5% limit) and how to approach making the other cuts that need to happen to get within the 5% limit. He indicated that the discussion was helpful and will provide good guidance for the subgroup to be able to develop a revised plan for the January 7 meeting.

New Business: There were no new business items.

Meeting Adjournment: The meeting adjourned unanimously at 6:45pm (moved by Ms. Loosian, seconded by Mr. Moore).